



# FACT SHEET

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## *U.S.-Korea Free Trade Agreement* **West Virginia Farmers Will Benefit**

September 2008

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The United States concluded free trade negotiations with Korea on April 1, 2007. The U.S.-Korea Free Trade Agreement (KORUS FTA) is the most commercially significant free trade agreement the United States has negotiated in nearly 20 years.

The KORUS FTA provides immediate elimination of duties on more than 60 percent of current U.S. exports and gives U.S. exporters improved access to the Korean market for many of the products that have been highly protected. The U.S. International Trade Commission estimates that annual U.S. agricultural exports to Korea will increase by a minimum of \$1.9 billion upon full implementation of the agreement.

The agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of West Virginia's agricultural products, including poultry and beef. West Virginia's agricultural exports to all countries, estimated at \$46 million in 2007, supported about 590 jobs, on and off the farm. These export sales make an important contribution to the West Virginia farm economy, which had total cash receipts of \$480 million in 2007.

**Poultry and Egg Products.** Broilers are the state's largest source of farm cash receipts, with sales of \$160 million in 2007, or 33 percent of farm earnings. Turkey farms add another 9 percent with cash receipts of \$40 million. The state's poultry and product exports were estimated at \$26 million in 2007. West Virginia poultry producers will benefit from this agreement.

- Korea's tariffs of 18 to 27 percent on frozen leg quarters, frozen breasts and wings, and frozen turkey cuts, will be phased out in 7 to 12 years.
- As the number 2 market for U.S. egg products, Korea's tariffs of 27 percent on egg products, including egg yolks, will be phased out in 12 equal annual reductions.

**Beef.** The cattle and calf industry is the second largest source of farm cash receipts in the state with sales of \$115 million or 24 percent of farm earnings in 2007. The industry can benefit from this FTA.

- For beef muscle meats, the FTA provides a 15-year straight-line tariff phase out with a safeguard that begins growing from 270,000 tons, a quantity that is 17 percent larger than our largest historical shipments.
- Technical consultations continue toward the goal of allowing imports to take place consistent with World Organization for Animal Health (OIE) guidelines.
- Following the May 2007 decision by the OIE classifying the United States as a controlled-risk country, Korea has announced that it will undertake in a timely manner its regulatory process toward expansion of market access for beef and beef products.

**Feed Grains.** With exports of feeds and fodders of \$7 million in 2007 and cash receipts of \$8.4 million for corn during that same year, the West Virginia feed grain industry will benefit from this agreement.

- U.S. exports of corn for feed will be duty-free immediately. Korea is currently the fourth largest market for U.S. corn for feed.
- The FTA includes a new 93,774-ton duty-free quota for corn for processing that grows quickly to 393,849 tons by year 7, after which quantities will be unrestricted.

*For questions about the U.S.-Korea Free Trade Agreement and its impact on U.S. agriculture, please contact FAS Legislative and Public Affairs Office at (202)720-7115 or [LPA@fas.usda.gov](mailto:LPA@fas.usda.gov).*

*For detailed information on how the Agreement benefits specific commodities, please visit: <http://www.fas.usda.gov/info/factsheets/Korea/us-koreaftafactsheets.asp>*